

CITY OF DURHAM, NORTH CAROLINA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
For the Year Ended June 30, 2003

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds (Exhibit 4)	\$	(7,506,933)
Governmental funds report capital outlays as expenditures and do not report donated capital items. However, in the statement of activities the cost of those assets is allocated over their estimate useful lives and reported as depreciation expense.		
Capital outlay expended		12,521,657
Capital outlay donated		15,367,923
Depreciation		(8,731,805)
The net affect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net assets.		(584,915)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.		(1,211,031)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Debt issued		(17,609,179)
Debt principal repaid		28,021,566
The effect of issuance costs, premiums, discounts, and similar items.		1,624,496
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(637,857)
An internal service fund is used by management to charge the cost of risk retention to individual funds. The net revenue of certain activities of the risk retention fund is reported with governmental activities.		<u>540,024</u>
Change in net assets of governmental activities (Exhibit 2)	\$	<u><u>21,793,946</u></u>

The notes to the financial statements are an integral part of this statement.

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CITY OF MEDICINE

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